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E-mail: [info@sunilhitech.com](mailto:info@sunilhitech.com)  
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**Registered Office:**  
Parli Vaijnath, (Dist. Beed)  
Pin - 431520 (Maharashtra)

8th  
Annual Report  
2005-2006

<b>R&amp;T AGENTS</b>	:	Bigshare Services Pvt. Ltd. E/2, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri(W), Mumbai.
<b>DEPOSITORIES</b>	:	■ National Securities Depositories Ltd. ■ Central Depository Services (India) Ltd.
<b>COMPANY SECRETARY</b>	:	Mr. Tarun Kumar Singh Sunil Hitech Engineers Ltd., 97, East High Court Road, Ramdaspath, Nagpur - 440010
<b>AUDITORS</b>	:	Vivek Randad & Co. Chartered Accountants H/C D, Bharat Bazar, Near API Corner, CIDCO, AURANGABAD. Maharashtra.
<b>BANKERS</b>	:	■ UCO Bank ■ ICICI Bank Ltd. ■ HDFC Bank Ltd.

## VISION

To contribute to the task of development in power and process industry and related infrastructure areas meeting the benchmarks set by customers in terms of quality, price and schedules and satisfy our customers on a consistent basis.

## MISSION

To develop and implement innovative construction methods and on site implementation methods meeting the best standards and to continuously improve on cycle time reduction and modernization of construction methods applicable for power, process and infrastructure industry.

## CORPORATE OBJECTIVES

In pursuance of the Corporate Vision & Mission, the company has set out following set of Corporate Objectives to provide the link between the defined mission and the functional strategies:

### ◆ **Leading Through Performance:**

- To be a market leader by pioneering innovative techniques to implement better execution time & cost reduction coupled with the quality output.
- To aim at performance excellence through leveraging the Information Technology and Quality Human Resource.

### ◆ **Enriching The Portfolio:**

- To diversify its operations across the power value chain in India by implementing backward & forward integration.
- To further consolidate our position as a leading power chain component across the length & breadth of the sector that includes power generation, transmission & distribution.

### ◆ **Client Centric Growth:**

- To brace up our relationship with existing clients by offering a bouquet of services those are the best in themselves.
- To become a preferred brand within the clients & the industry by cultivating a collaborative style of working with the customers.

### ◆ **Research & Development:**

- To develop innovative strategies by carrying out fundamental and applied research for best achievement of the clients' objectives.
- To pioneer the implementation of time efficient & cost effective technologies in power plant erection that can lead to environment friendly power generation.

### ◆ **Financial Stability & Sustained Wealth Creation:**

- To maintain & improve the financial soundness of the company & build upon the resources of the company by implementing proprieties at all level of management and operations.
- To develop proper administrative & marketing policies to ensure long term appreciation in the wealth of the company & the stakeholders.



## TEAM SUNIL HITECH

### **Mr. Ratnakar Manikrao Gutte, Managing Director:**

Mr. Ratnakar Manikrao Gutte brings in 29 years of rich experience in Project execution i.e. Fabrication, Erection, Testing & commissioning of Power Plants. Being a first generation starter & promoter director of the company, he has pioneered the company towards its growth with his working knowledge of engineering, finance, banking, taxation, general management and commercial matters.

On 16th Feb, 2006 he was honoured with "Best Industrialist" award by UCO Bank. He was also honoured with National Awards "Lifetime Udyog Achievement Award 2004" and "Great Achiever in Industrial Excellence Award 2004" by EGSI (Economic Growth Society of India) and IOCI (Indian Organization for Commerce and Industry) By Honorable Minister T. R. Balu (State Minister for Railways).

### **Mrs. Sudhamati Ratnakar Gutte, Executive Director:**

Mrs. Sudhamati Ratnakar Gutte has more than 12 years of working experience of looking after the overall management and administration of the company since its inception and has immensely contributed in the growth of the business via her key strengths like team building, motivation and managing administration and back office functions.

### **Mr. Sunil Ratnakar Gutte, Executive Director, (Finance)**

Mr. Sunil Gutte is a qualified engineer having undergone his graduation with majors in Mechanical from Pune, Maharashtra. To hone his skills, he had taken up a rigorous training in BHEL's Welding Research Institute in Tiruchirappalli on Welding Technology. He had also undergone an intensive training program in Finance and Taxation to have a broader perspective towards the functioning of the company.

### **Mr. M. N. Mohanan - Employee, Director (Operations):**

Mr. M.N. Mohanan is the execution man in the company. He is a Diploma dropout having 27 years wide experience in the Power Sector projects in the field of fabrication and erection of Heavy Steel Structures, Erection of Boilers & Auxiliaries, Erection of Electrostatic Precipitators, equipments, Power cycle Piping, LP Piping etc.

### **Mr. S.K. Kodandaramaiah - Employee, Director (Business Development):**

Mr. S.K. Kodandaramaiah, a postgraduate in Mechanical Engineering, has worked for 21 years in Bharat Heavy Electricals Ltd and 5 years as Executive Director (Commercial) in General Electric Power Services Ltd. He also worked as

Advisor to Dhamwari Sunda Hydro Electric Co in the development of 70mw Hydro Power Project. He has to his credit a training program at Oslo University, Norway in "Energy Planning and Environment"

### **Mr. Ashok V. Sakalikar - Independent Director:**

Mr. Ashok Vinayak Sakalikar, a Mechanical Engineering Graduate, has worked in Maharashtra State Electricity Board as a Technical Director Generation. He has a wide exposure of working in various areas of Project Management, Construction Management, and Commercial & Contracting. He has to his credit training in Advance Power Station Management with CEGB, UK, also, in "Financial & Economic Analysis of Energy Projects" with IIE, USA.

### **Mr. B. B. Thombare- Independent Director:**

Mr. B. B. Thombare, MBA in Finance and Marketing, has been managing director in many companies, that include M/s Vaidyanath S.S.K. LTD, M/s Manjara S. S. K. Ltd., Natural Sugar And Allied Industries Ltd. He also associated as chief accountant in the companies like Ambajogai Sah. Sakhar Karkhana Ltd. and Godavari Manar S.S.K. Ltd.

### **Mr. Pramod Mitkary - Independent Director:**

Mr. Pramod Mitkary is a Chartered Accountant as well as a qualified Lawyer. He has done Bachelors in Chemistry Honors. He has put in 12 years of service with Western Coalfields Ltd. He is co-founder of Central Academy for Professional Studies (CAPS), a premier educational outfit, imparting training for professional courses of ICAI, ICSI, and ICWAI.

**Ms. Sarita Rathi - Independent Director:** Ms. Sarita Rathi, a diploma holder in Business Management has done intensive program on Self Managing Leadership conducted for Entrepreneurs & Managers at Mount Abu by Experts from Paris and Australia. She has to her credit training at Oxford Retreat, London. She is a motivator and HR Trainer for corporates that include Thermax, Kirloskar Cummins, K. S. B. Pumps Telco Jamshedpur to name a few.

### **Mr. Kamlakar G. Holkar- Independent Director:**

Mr. Kamlakar Gopal Holkar, an Engineering Graduate, has hands-on experience of about four decades in Power Sector with BHEL. He retired from BHEL as General Manager (Western Region). During his tenure, he also had undergone a specialized training programme at UK in GEC (General Electric Company), UK.

KEY CLIENTELE

	<p>National Thermal Power Corporation</p>
	<p>Maharashtra State Power Generation Company Limited</p>
	<p>Reliance Energy Limited</p>
	<p>Madhya Pradesh State Elect Board</p>
	<p>Sterlite Industries(BALCO)</p>
	<p>Bharat Heavy Electricals Limited</p>
	<p>Rajasthan Vidyut Utpadan Nigam</p>
	<p>Jindal Steel &amp; Power Ltd</p>
	<p>Chattisgarh State Elect Board</p>
	<p>Shandong Elec. Power Const. Corp. (China)</p>

## DIRECTOR'S REPORT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the 8th Annual Report and the Audited Accounts for the year ended March 31, 2006.

It is my privilege to present first report to the shareholders since the debut entry into the equity segment of the capital market. From small beginnings the Company has come a long way in a short span of time. The initial public offering of the Company met with an overwhelming response demonstrating the faith of the investor communities in the company.

### INITIAL PUBLIC OFFERING

The listing of the company with the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) on 2nd March 2006 was a glorious moment in the history of the Company. This has laid the foundation for taking the Company to greatest heights and would contribute to the development of our Nation as well.

In order to meet the incremental Long Term working capital requirements and to acquire Capital assets for carrying out existing business so as to result in an overall development of the company, company came out with Initial Public Offering comprising of issue of 34,75,160 equity shares of Rs.10/- each for cash at a premium of Rs. 90/- (Issue Price Rs. 100/-) per equity share aggregating Rs. 34,75,16,000/-. The offer constituted 34.66% of the Post Issue Paid Up Capital of Sunil Hitech Engineers Limited. The Face Value of the Equity share is Rs. 10/- and the issue price was 10 times of the face value. The offering got overwhelming response and it was over subscribed closed to 9 times reflecting the faith of the investor community in the company.

### DIVIDEND

Your Directors have recommended a 10% dividend amounting to Re. 1/- per equity share of Rs. 10 each for the financial year ended 31st March, 2006 which shall be paid after your approval at the ensuing Annual General Meeting.

The dividend pay out for the year has been formulated in accordance with the company's policy of striving to pay stable dividend linked to long term performance, keeping in view the company's need for capital, its growth plans and the intent to finance such plans through internal accruals to the maximum. Your Directors believe that this would increase shareholder value and eventually lead to a higher return threshold.

As the company stand at the threshold of the next Financial Year, the company is poised to test new waters, grow its business, increase its returns and create greater stockholder value so as to bring heightened levels of confidence. Spurred by investors' faith which has strengthened its determinations, the Company is poised to take on new challenges and achieve unprecedented heights and growth.-



### FINANCIAL RESULTS

The performance of the Company for the F.Y ended 31st March 2006 is summarized below :

(Rupees in lacs)

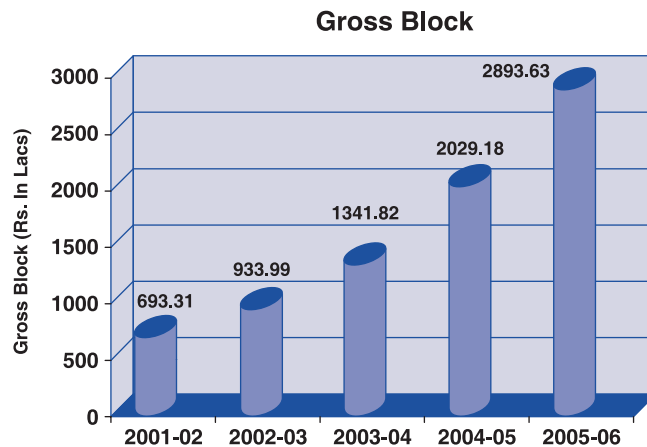
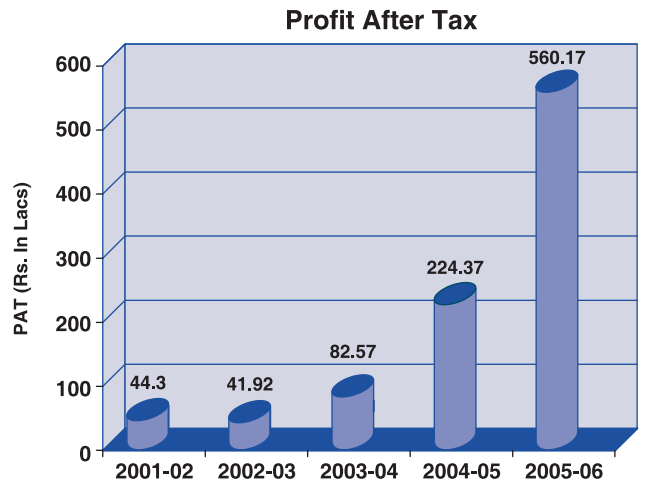
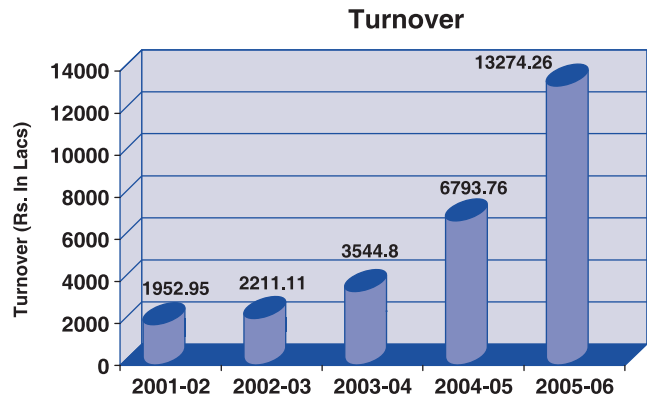
PARTICULARS	2005-06	2004-05
Gross Revenue	13352.62	6883.92
Profit before Interest and Depreciation	1349.01	737.25
Less :Interest and Financial charges	(234.95)	(145.95)
Depreciation	(288.71)	(205.46)
Profit before Tax (PBT)	825.35	385.84
Less : Provision for Taxes		
Current Tax	(277.81)	(147.57)
FBT	(4.98)	NIL
Deferred Tax	17.61	(13.90)
Profit Before Exceptional Items	560.17	224.37
Exceptional Items	(1.25)	6.28
Profit After Tax (PAT)	558.92	230.65
Add : Balance Brought Forward from Previous Year	259.15	201.56
Profit available for Appropriations	<b>818.07</b>	<b>432.21</b>
Appropriations :		
Proposed Dividend on Equity Shares	100.25	Nil
Provision for Tax on Proposed Dividend	14.06	Nil
Transfer to General Reserve	55.89	23.06
Balance Carried to Balance Sheet	647.87	409.15
<b>TOTAL</b>	<b>818.07</b>	<b>432.21</b>

**OPERATIONAL PERFORMANCE**

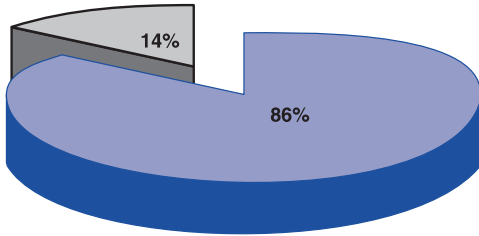
- **Direct Income :** The Gross Sales for the year ending 31st March 2006 stood at Rs. 13274.26 lacs as compared to Rs. 6793.76 lacs in the immediately preceding year thus witnessing a phenomenal growth of 95%.
- **Other income :** There has been a marginal decline in other income during the year ended 31st March 2006 as compared to Fiscal Year 2004-05 as the major heads of the receipts were on account of income earned as interest on funds temporarily parked with Nationalized Banks, Cenvat Credit on procurements basis and rental Charges earned from Cranes.
- **Expenditure :** There has been a effective decline in the administrative expenses of the company from 3.63% of sales to 2.82% in the current fiscal evidencing economies of scale.
- **Profitability :** The Profit Before Tax (PBT) has increased to 6.18% of Gross Revenue from 5.6% and Profit After Tax (PAT) has increased to 4.19% of Gross Revenue from 3.35% in the immediately preceding fiscal year. Growth in the margins is mainly due to improvement in efficiency of working and economics of scale like more work via more packages at one single site and availability of owned cranes for better progress.
- **Human Resources :** In the Financial Year 2005-06 the company witnessed a significant growth in its human resources by a rise in the number of employees to 750 as compared to 500 employees in 2004-05 which is about 50% growth in employee based as against nearly 100% growth in the topline, moreover the absolute low manpower turnover reflect the quality of the company's human resources.

**CAPITAL INVESTMENTS**

The company has consistently increased its investments in Fixed Assets complimenting the growth of its existing business as well as to support the diversification and expansion plans. The company is also using heavy machineries such as heavy duty Crawler cranes etc. which have been imported and are presently working at 100% utilization.



■ Projects ■ O & M



#### GROWTH:

The company offers a diversified assortment of products and services, catering to the Power, Process & Piping Industries.

Such a diverse portfolio has enabled the company to spread its wings over different areas across the nation and make a name for itself as an able organisation.

During the F.Y 2005-06, the company earned revenues from various Projects as well as Overhauling and Maintenance activities. The division of revenues is as mentioned in the adjacent in the pie chart:



#### ➤ DIVERSIFICATION : WITHIN THE POWER SECTOR

##### Business Overview

Out of the Rs.8,00,000 Crores required for doubling the power capacity to 2,00,000 MW by the year 2012, about Rs.2,00,000 Crores would be required for the associated transmission system including creation of a National Grid. Out of this, an investment of about Rs.70,000 Crores would be required in Central Sector Transmission Systems alone. POWERGRID is expected to mobilize an investment of Rs.41,000 Crores from its resources. The balance requirement of Rs.29,000 Crores is proposed to be mobilized through private investments.

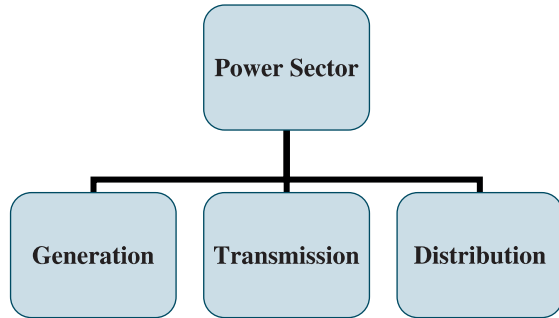
Considering the scale of investment and the volume of expansion required, attracting large private investment in transmission is essential.



The Government of India amended Indian Electricity Act and Electricity supply Act in 1998, to enable private sector participation in transmission sector. In January 2000, the Ministry of Power has issued detailed guidelines for private sector participation in transmission. The Guidelines envisage two routes for inviting private section participation. One route is through Joint Venture of POWERGRID and private investor. The other route called IPTC (Independent Power Transmission Corporation) shall facilitate private investor including investors coming through FDI to invest 100% by themselves.

Considering the shareholders confidence & Managements vision company broadly plans to diversify within the Power Sector to augment the growth trajectory.

**Strategy Going Forward:**



**ON GENERATION SIDE :**

The company is diversifying into Engineering, Procurement and Construction (EPC) based contracts in captive power plants and industrial co-generation projects. The company is eyeing the captive power plant projects in the range of 5 MW to 60 MW where the maximum growth is expected to take place. The company has already entered in the EPC Segment by acquiring two projects, one in Tamil Nadu and the other in Maharashtra.

**Present Business of The Company on Generation Side :**

1. Company is presently engaged in setting up various capacity power plants ranging from 100MW to 660 MW via various packages
2. Maintenance of boilers for plants ranging from same capacities.

**Strategy going forward:**

Present services offered for the generation side will be strongly backed up by manufacturing facility via:-

M/s Sunil Hitech Engineers and Manufacturers (P) Ltd. (Subsidiary company) Except boiler drum facilities to manufacture all the pressure parts planned.

**M/s. Sunil Hi-Tech Engineers & Manufacturers Pvt. Ltd.**

Plant Details

Location: MIDC Butibori, Nagpur

Area: 27000 sq m

Capacity: 4000 MT for structures, coils 200000 Inch mtr, pressure vessels- 600 MT

**Facilities:**

1. State of the Art Multi Head Submerged Arc Welding Machines
2. EOT Crane of 20 T Capacities
3. CNC Pipe bending M/C, Swaging M/C, Radial Drill M/C,
4. 12 nos. of Assembly Bay in one shop, like wise two shops etc

Power: 250 KVA capacity -2 nos. Transformers with 100 KVA backup

**Business Potential:**

Renovation and Modernization plan of Central Electric Authority for 11th Plan Period

Sl No.	Particulars	Life Extension Programme	R & M
1	Number of Thermal Power stations	18	12
2	Number of Thermal Units	34	31
3	Estimated Cost	Rs. 6,000 Crore	Rs. 751 Crore
4	Total Capacity Involved	6,000 MW	7,090 MW

Source: Power Ministry Notification for Modernization

**ON TRANSMISSION SIDE : Galvanizing Plant**

**Overview of the Business**



Transmission of electricity is defined as bulk transfer of power over a long distance at a high voltage, generally of 132 KV and above. In India bulk transmission has increased from 3708 ckm in 1950 more than 265,000 ckm today. The entire country has been divided into five regions for transmission systems, namely, Northern Region, Central Region, Eastern Region, Southern Region and Western Region. The interconnected transmission.

System within each region is also called the regional grid.

**Perspective Plan by Power Ministry**

The country's transmission perspective plan for tenth and eleventh plan focuses on the creation of a National Grid in a phased manner by adding over 60,000 ckm of Transmission Network by 2012. Such an integrated grid shall evacuate additional 1, 00,000 MW by the year 2012 and carry 60% of the power generated in the country. The existing inter-regional power transfer capacity is 9,000 MW, which is to be further enhanced to 30,000 MW by 2012 through creation of "Transmission Super Highways". For creation of such a grid, an investment of Rs. 71,000 Crore is envisaged. Out of this, Rs. 50,000 Crore is planned to be mobilised by POWERGRID and remaining Rs. 21000 Crore is envisaged through private sector participation.

**Strategy Going Forward:**

The company also plans to set up a galvanizing unit at Butibori Industrial Area and is expected to commence operation in about 8 months time. The operations of the said unit would be based on state of the art German Technology



## Manufacturing of Transmission Line Towers

### Plant Details:

Fully automated German Technology Fabrication and Galvanizing Plant: -

Location : MIDC Butibori, Nagpur.

Area: 80000 Sq m

Capacity : 20000 MT Expandable up to 40000MT per Annum

### Facilities:

- 1 Fully Automated German Technology Galvanizing Plant
- 2 Automatic both side Drilling, Punching, Cropping Machines
- 3 75 ton and 125 ton hydraulic presses 3nos each
- 4 Metal Cutting Machine

Power: 500 KVA with 100 KVA back up

Office: 10000 Sq ft.

### Business Opportunities

Business plan in this sector by ministry of power

To evacuate additional power generated i.e. 100000 MW the associated transmission network requires Rs200000 Crores out of which for converting existing inter-regional power transfer capacity of 9000 MW to 30000 MW by 2012 investment of around Rs.70000 Crore (around 60000 cKM) - (Source : Ministry of Power)

M/s. TATA POWER has been selected by POWERGRID as its JV partner through International Competitive bidding for execution of specific transmission lines associated with Tala Hydro Electric Project and East North Interconnector, costing about Rs.1,100 Crores. The project with route length of around 1200 KM covers transmission lines from Siliguri (West Bengal) to Mandola (Uttar Pradesh).

Success achieved under JV route of private participation has encouraged POWERGRID to identify two more projects (estimated to cost Rs.1275 Cr.) under this route. Solicitation process for these has already commenced.

(Figures in Cr.)

### INVESTMENT PLAN

	X Plan	XI Plan	Total
POWERGRID's Outlay	21,370	28,258	49,628
Private Sector participation	9,710	11,185	20,895
Total Central Sector	31,080	39,443	70,523

### DISTRIBUTION : APDRP

Company recently started a new wing for participating in the turnkey transmission Projects of EHV transmission Lines & Substations, Sub transmission lines and associated sub stations.

### APDRP Work All Over India

APDRP- Accelerated Power Development and Reforms Programme

In order to give quality power supply to the consumers the govt. of India has devised this scheme to strengthen the existing distribution network and also to develop new network for catering the load of existing and prospectus customers.

### BUSINESS POTENTIAL :

The investment planned for the same is Rs19180.46 Cr Out of which 1063.71 Cr is planned for Maharashtra alone.

### Strategy Going Forward

Breakthrough in APDRP work via Kalyan Zone, Mumbai with the order worth Rs19 Crore.

Company plans to bid Constructs Out side state.

### MAJOR EVENTS :

- Company has bagged the contract for Erection, Testing & Commissioning of Boiler and its Auxiliaries for 1x250 MW at Bhilai Electric Supply Power Corporation Ltd., Bhilai through M/s BHEL, PSWR, Nagpur. The value of the said Contract is approximately Rs.1304 Lakhs.
- Company has bagged the job of Fabrication & Erection of Structural Steel of Mill & Bunker for 2x300 MW DCTPP at Yamuna Nagar, Haryana from RELIANCE ENERGY. The Order Value for this job is Rs.1104 Lakhs.
- Company is working for 3 Super Critical Thermal Power-Plants of 660 MW capacities each via SG Package at Sipat STPP in Chattisgarh the order value is Rs.3349 Lakhs. The power plants will run on the latest technology, the newest and very first of its kind in the nation and is the future of the power generation industry.

### STATUTORY AUDITORS

Statutory Auditors of the Company, M/s Vivek Randad & Co., Chartered Accountants hold office until the conclusion of ensuing Annual General Meeting and are eligible for reappointment. Company has received a letter from them to the effect that their appointment / reappointment, if made, would be within the prescribed limits U/s 224 (1B) of The Companies Act, 1956 and they are not disqualified for such appointment / reappointment within the meaning of section 226 of the said Act.

The Notes on Accounts referred to in the Auditors' report are self explanatory and therefore do not call for any further comments.

### CORPORATE GOVERNANCE

Your Company is committed to maintain the highest standards of Corporate Governance. Your directors are also committed to adhere to the requirements set out by the Securities and Exchange Board of India's (SEBI) corporate governance practices and have implemented all the major stipulations prescribed. Your company has also decided to implement several best practices as part of good Corporate Governance.

A report on Corporate Governance is attached herewith in Annexure I.

Certificate from the auditors of the company M/s Vivek Randad & Co., Chartered Accountants confirming compliance of conditions of Corporate Governance is annexed to this report

## SECRETARIAL AUDIT

Your company has voluntarily appointed M/s Manish Pande, Practicing Company Secretary, to conduct Secretarial audit of the Company for the financial year 2005-06. The Secretarial Audit Report confirms that the Company has complied with all the applicable provisions of the Companies Act, 1956, Listing Agreements with the Stock Exchanges, Securities Contracts (Regulation) Act, 1956 and all the Regulations of the Securities and Exchange Board of India (SEBI) as applicable to the Company, including the SEBI (Substantial Acquisition of Shares and Takeovers) Regulation, 1997 and the SEBI (Prohibition of Insider Trading) Regulations, 1992.

## PARTICULARS OF EMPLOYEES

During the Fiscal year 2005-06 there was no employee in the company in respect of whom particulars pursuant to section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975; as amended ; are required to be given.

## ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

### (a) Conservation of Energy

The Company puts in continuous efforts for improvement in energy efficiency and conservation of energy is given a very high priority while implementing all our projects as well as at our offices.

### (b) Technology absorption

It has been Company's constant endeavor to apply such latest domestic and imported technology which improves efficiency and reduces cost. The company has in past imported cranes and other heavy equipments which are fully operational at present and have resulted in substantive enhancement of productivity and reduction in cost in many of its projects. The company is planning to set up a new galvanizing plant using the latest German Technology.

### (c) Foreign Exchange Earnings and Outgo

The Company during the year did not have any Foreign Exchange Earnings and Outgo.

## RESEARCH AND DEVELOPMENT

### *At Sunil Hitech, we think beyond business*

Sunil Hitech's Power Training Institute. An apt name for an institution that powers the students with the best of training and expertise required to excel in this competitive world. Equipped with state-of-the-art infrastructure, such as Air conditioned LCD projector hall for modern and effective coaching, the latest computers and up-to-date software's it is the perfect platform which an engineer needs to hone his skills. Not just that, even the study material is designed with the help of training manuals provided by BHEL. The training program is skillfully designed by our highly skilful management.

Looking at the tremendous growth rate planned in the Power sector, developing human resources is one of the biggest challenges. It's not a challenge for any one company, but all companies and corporates together. Today, quality HR retaining ability in this sector has become a major cause for

worry. Moreover the numbers of engineers available are abundant, but ones with experience are quite scarce.

So, to bridge this gap, the company has developed this unique idea of starting a training school where fresh engineers will be given a valuable opportunity. With a one year practical course, we will try our best to make them capable and responsible enough with the ability to deliver.

Thus the company is contributing towards creating quality Human Resources for the growth of the entire nation.

## AWARDS AND ACCOLADES

We are also pleased to inform you that recently your Chairman & Managing Director Mr. Ratnakar Gutte has been awarded with the prestigious "Best Industrialist Award" by UCO Bank reaffirming the faith industry posses in your company.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that,

- (i) in the preparation of annual account, the applicable accounting standards have been followed ;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2006 and of the profit of the Company for the year ended on that date ;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) the Directors have prepared the annual accounts of the Company on a 'going concern' basis.

## ACKNOWLEDGEMENT

Your Directors would like to express their grateful appreciation for the co-operation received from the Financial Institutions, banks, Government authorities, customers, vendors and members during the year under review. Your directors also wish to place on record their deep sense of appreciation for the committed services and untiring efforts of the executives, staff and workers of the company.

The Board also acknowledges with thanks the contribution of contractors and consultants in the implementation of various projects of the company and also wishes to place on record their appreciation for the valuable and constructive suggestions received from the statutory auditors.

For and on behalf of the Board of Directors

**Ratnakar M. Gutte**  
Chairman & Managing Director

Place : Nagpur

Date : 11th May 2006

## ANNEXURE TO DIRECTOR'S REPORT

### ANNEXURE I REPORT ON CORPORATE GOVERNANCE

Commitment to values, fairplay and transparency are the corner stones of the principals of Corporate Governance. Corporate governance encompasses not only the way in which the Company is managed and deals with its shareholders but also addresses all aspects of its relationship with society.

#### Company's Philosophy of Corporate Governance:

Corporate Governance has always been an integral part of the Company's philosophy. The Company firmly believes that good corporate governance stems from the management's mindset and cannot be regulated by legislation alone. The Company's philosophy on Corporate Governance is to make it a way of life by inter alia adopting standard Corporate Governance practices through continual improvement of internal systems and satisfaction of all stakeholders.

The Company has, from time to time, institutionalized every corporate governance practice even beyond what has been mandated by the Regulatory Authorities. We believe that true corporate governance emanates from the Values that an Organization lives by, whilst interacting with all its interfaces. The Company's systems are under constant scrutiny for their enhancement towards greater control, reliability and integration, better product and service quality, cost efficiencies and information transparency, which will lead to higher operational efficiencies and optimize shareholder value in the long-term.

#### Board of Directors

The composition of the Board is in conformity with Clause 49 of the Listing Agreement. The particulars of Directors, their attendance during the financial year 2005-2006 and also other Directorships (including Private Limited Companies, but excluding Alternate Directorships) and Board Committee Representations of Public Limited Companies are as under:

#### Composition of Board:

NAME OF THE DIRECTOR	DESIGNATION	STATUS
Mr Ratnakar M. Gutte	Managing Director	Executive Director
Mrs Sudhamati R. Gutte	Whole Time Director	Executive Director
Mr. Sunil R. Gutte	Whole Time Director	Executive Director
Mr. M. N. Mohanan	Whole Time Director	Executive Director
Mr. S. K. Kodandaramaiah	Whole Time Director	Executive Director
Mr. Ashok V. Sakalikar	Director	Non Executive, Independent
Mr. B. B. Thombare	Director	Non Executive, Independent
Mr. Pramod Mitkary	Director	Non Executive, Independent
Mr. Mr. K. G. Holkar.	Director	Non Executive, Independent
Ms. Sarita Rathi	Director	Non Executive, Independent

#### Board meetings:

During the year, the company has held fifteen Board Meetings viz. on 11.04.2005, 20.05.2005, 01.06.2005, 09.06.2005, 20.07.2005, 26.07.2005, 06.08.2005, 19.08.2005, 27.08.2005, 01.09.2005, 09.09.2005, 19.09.2005, 15.11.2005, 15.01.2006 & 25.02.2006.

The attendance of each director in the Board Meetings is detailed herein below:

Name of Directors	Number of Board Meetings attended during the year 2005-06
Mr. Ratnakar M. Gutte	15
Mrs. Sudhamati R. Gutte	13
Mr. Sunil R. Gutte	15
Mr. M. N. Mohanan	11
Mr S. K. Kodandaramaiah	14
Mr. Ashok V. Sakalikar	5
Mr. B. B. Thombare	NIL
Mr. Pramod Mitkary	5
Mr. Mr. K. G. Holkar.	6
Ms. Sarita Rathi	3

#### Other directorships of the Directors:

Name of Directors	Name(s) of the Company in which Director
Mr. Ratnakar M. Gutte	Sunil Hitech Engineers & Manufacturer Pvt. Ltd.
Mrs. Sudhamati R. Gutte	NIL
Mr. Sunil R. Gutte	Sunil Hitech Engineers & Manufacturer Pvt. Ltd.
Mr. M. N. Mohanan	Nil
Mr. S. K. Kodandaramaiah	Nil
Mr. Ashok V. Sakalikar	Nil
Mr. B. B. Thombare	Natural Sugar & Allied Industries Ltd.
Mr. Pramod Mitkary	Nil
Mr. Mr. K. G. Holkar.	E.M.Services (I) Pvt. Ltd.
Ms. Sarita Rathi	Nil

#### Audit Committee:

As a measure of good Corporate Governance and to provide assistance to the Board in fulfilling Board's Responsibilities, an Audit Committee has been constituted on 09.09.2005 and the terms of reference, role and scope were determined in line with those prescribed by Clause 49 of the Listing Agreement with the Stock Exchanges. The Company also complies with the provisions of Section 292A of the Companies Act, 1956 pertaining to Audit Committee and its functioning.

The Board delegated the following powers to the Audit Committee:

To investigate any activity within its terms of reference.

To seek information from any employee.

To obtain outside legal or other professional advice.

To secure attendance of outsiders with relevant expertise, if it considers necessary.

The Board defined the role of the Audit Committee, as under:

Overseeing the Company's financial reporting process and the disclosure of its financial information, to ensure that the financial statement is correct, sufficient and credible;

Recommending the appointment/removal of external auditors, fixing audit fees and approving payments for any other services;

Reviewing with the Management the annual financial statements before submission to the Board;

Reviewing with the Management, external and internal auditors, the adequacy of internal control systems;

Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;

Discussing with internal auditors of any significant findings and follow-up thereon;

Reviewing the findings of any internal investigations by the internal auditors into matters where there is a suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

Discussing with external auditors before the audit commences, the nature and scope of audit as well as has post-audit discussions to ascertain any area of concern;

Reviewing the Company's financial and risk management policies;

To look into the reasons for substantial defaults in the payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

The composition of the Audit Committee as on 31st March 2006 is as under:

Name of the Director	Nature of Directorship	Designation
Mr. Pramod H. Mitkary	Independent Director	Chairman
Mr. Ashok Sakalikar	Independent Director	Member
Mr. Sunil R. Gutte	Executive Director	Member

**Remuneration Committee:**

The company was listed with the stock exchanges on 2nd March 2006 & there are no fresh appointments/reappointments of any managerial personnel since then.

However the company has constituted remuneration committee on 09.09.2005 to recommend/review the remuneration package of the Managing/ Whole Time Director(s). As required by the clause 49 of the Listing Agreement, the committee has been constituted comprising three Non-Executive Independent Directors.

The Composition of the remuneration committee as on 31.3.2006 is as follow:

Name of the Director	Nature of Directorship	Designation
Mr. Ashok Sakalikar	Independent Director	Chairman
Mr. Pramod H. Mitkary	Independent Director	Member
Ms. Sarita Rathi	Independent Director	Member

**Shareholders'/Investors' Grievance Committee**

The Company has constituted 'Shareholders / Investors Grievance Committee on 09.09.2005 in line with the Listing Requirements.

The Committee reviews the redressal of shareholders' and investors' complaints related to transfers and transmission of shares, non-receipt of annual reports, dividends and other share related matters, the periodicity and effectiveness of the share transfer process, statutory certifications, depository related issues and activities of the Registrar and Transfer Agent. In addition to review by this Committee, the Company continues its existing practice of reporting to the Directors at each Board Meeting, the number and category of shareholder complaints received and the status of their resolution.

The Composition of Shareholders / Investors Grievance Committee as on 31.3.2006 is as follows:

Name of the Director	Nature of Directorship	Designation
Mr. Ashok Sakalikar	Independent Director	Chairman
Mr. Pramod H. Mitkary	Independent Director	Member
Mr. B. B. Thombare	Independent Director	Member

The company has received 14 complaints during the FY 2005-06. All of them were related to non receipt of IPO refunds that were duly sorted out in time. There are no unresolved investor complaints or those pending disposal as on 31.3.2006.

**Disclosures**

The Board has received proper disclosures from key managerial personnel relating to material, financial and commercial transactions where they and/or their relatives have personal interest. There are no materially significant related party transactions, which have potential conflict with the interest of the Company at large.



There was no non-compliance during the last three years by the Company on any matter related to Capital Market. There were no penalties imposed nor strictures passed on the Company by Stock Exchanges, SEBI or any statutory authority.

#### Means of Communication

The means of communication between the Company and the Shareholders are transparent and friendly.

The company has opted to disclose its annual audited financial results before 30th June 2006 and hence the requirement as to disclosure of quarterly results is not applicable to the company.

Accordingly, the audited annual financial statements were announced & published in Economic Times, Mumbai & Lokmat Times, Aurangabad on 12th May 2006 and the same are also displayed on the Company's website.

The gists of presentations made to the institutional investors or to analysts are circulated to the Stock Exchanges and also published on the Company's website.

#### General Shareholder Information

The Annual General Meeting is scheduled to be held on 20.7.2006 at as required under Clause 49(VI)(A) of the Listing Agreements with the Stock Exchanges.

The particulars of Directors seeking appointment / re-appointment at the forthcoming Annual General Meeting (AGM) are given in the Annexure to the Notice of the AGM annexed herewith.

#### Financial Calendar:

The Equity Shares of the Company were listed on NSE & BSE on 2nd March, 2006. The Audited Financial Results for the FY 2005-06 were published on the 12th May 2006.

#### Book Closure:

The Members' Register of the company will be closed from 17.07.2006 to 20.07.2006, both days inclusive to determine the eligibility of shareholders for dividend.

#### Listing on Stock Exchanges:

The Company's Shares are listed on the following

#### Stock Exchanges in India:

The Stock Exchange, Mumbai (BSE)

National Stock Exchange, Mumbai (NSE)

#### Market Information :

The stock code of the shares of the Company listed on Stock Exchanges, were as under:

Name of Stock Exchange	Code
The Stock Exchange, Mumbai	532711
National Stock Exchange, Mumbai	SUNILHITEC
ISIN No.	INE-305H01010

Shareholding pattern as on 31.3.2006

Name of Shareholder	Shares Held	% age
Shri Ratnakar M. Gutte	2202500	21.97
Smt. Sudhamati R. Gutte	1968750	19.64
Shri Sunil R. Gutte	1678740	16.75
Shri Vijay R. Gutte	400000	3.99
Prudential ICICI Trust Ltd. - Balance Fund	204940	2.04
Suashish Diamonds Limited	186177	1.86
Prudential ICICI Trust Ltd.- Emerging Star	145000	1.45
Canara Bank Trustee Canbank Mutual	100000	1.00
Canara Bank Trustee Canbank Mutual	70000	0.70
Canara Bank Trustee Can bank Mutual	50000	0.50
Others	3019053	30.10
<b>TOTAL</b>	<b>10025160</b>	<b>100.00</b>

#### Shares held in electronic form:

Shareholders holding shares in electronic form may please note that: Instructions regarding bank details which they wish to have incorporated in future dividend warrants must be submitted to their Depository Participants (DP). As per the regulations of NSDL and CDSL, the Company is obliged to print bank details on the dividend warrants, as furnished by these Depositories to the Company.

Instructions already given by them for shares held in physical form will not be automatically applicable to the dividend paid on shares held in electronic form.

Instructions regarding change of address, nomination and power of attorney should be given directly to the DP.

The Company provides ECS facilities for shares held in electronic form and shareholders are urged to avail of this facility.

## AUDITOR'S REPORT

To,

The Members,

**Sunil Hitech Engineers Ltd.**

1. We have audited the attached balance sheet of, Sunil Hitech Engineers Limited as at 31st March 2006, the profit and loss account and also the Cash flow statements for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit included examining, on a test basis, evidence supporting that amounts and disclosures in the financial statements. An audit also included assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides as reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4 A) of section 227 of the Companies Act, 1956 we enclose in the Annexure a statement on the matter specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - a) We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
  - c) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account.
  - d) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standard referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - e) On the basis of written representation received from the directors, as on 31st March 2006 and taken on record by the Board of Directors, we have report that none of the directors is disqualified as on 31st March 2006 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - f) In our opinion and to the best of our information and according to the explanation given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (i) In the case of the balance sheet, of the state of affairs of the company as at 31st March 2006.
    - (ii) In the case of the profit and loss account, of the profit/loss for the period ended on that date: and
    - (iii) In the case of the cash flow statement, of the cash flows for the period ended on that date.

For **VIVEK RANDAD & CO.**

Chartered Accountants

**VIVEK RANDAD**

Proprietor

Place: Parli,

Date : May 2nd, 2006

## ANNEXURE TO THE AUDITOR'S REPORT

*(Referred to in paragraph 3 of our report of even date)*

- |  |   |
|--|---|
| <p>I. (a) The company has maintained proper record showing full particulars including quantitative details and situation of fixed asset. All the assets have not been physically verified by the management during the period ended on 31st March 2006 but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.</p> <p>(b) During the period ended on 31st March 2006, the company has not disposed off a major part of the fixed assets</p> <p>II. (a) The inventory has been physically verified during the period by the management. In our opinion, the frequency of verification is reasonable.</p> <p>(b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.</p> <p>(c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.</p> <p>III. (a) The company has not taken or granted loans from / to companies, firms, or other parties covered in the register maintained under section 301 of the Companies Act, 1956. and therefore, the provision of Clause 4 (iii), of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.</p> <p>IV. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls</p> <p>V. (a) According to the information and explanation given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.</p> <p>(b) In our opinion and according to the information and explanations given to us, the transaction made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the Year ended on 31st March 2006 have been made</p> | <p>at prices which are reasonable having regard to prevailing market prices at the relevant time.</p> <p>VI. In our opinion and according to the information and explanations given to us, the company has not accepted deposits from the public during the year</p> <p>VII. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.</p> <p>VIII. (a) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 for any of the products of the Company.</p> <p>According to the information and explanations given to us, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues applicable to it.</p> <p>(b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31st March 2006 for a period of more than six months from the date they became payable.</p> <p>(c) According to the information and explanation given to us, there are no dues of sale tax, income tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.</p> <p>IX. In our opinion, there are no accumulated losses of the company. The company has not incurred cash losses during the period ended on 31st March 2006 covered by our audit and in the immediately preceding financial period.</p> <p>X. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.</p> <p>XI. We are of the opinion that the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities</p> <p>XII. In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the companies (Auditor's Report) Order, 2003 are not applicable to the company.</p> |
|--|---|

- XIII. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- XIV. In our opinion, the company has not given any guarantees for loans taken by other from banks or financial institutions.
- XV. In our opinion, term loans have been applied for the purpose for which they were raised.
- XVI. According to the information and explanations given to us and on overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except permanent working capital
- XVII. According to the information and explanations given to us, the company has made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act. The prices at which the shares are issued are not considered to be prejudicial to the interest of the company.
- XVIII. According to the information and explanations given to us, during the period covered by our audit report, the company has not issued any debentures hence no need to create any security.
- XIX. We have verified that the end use of money raised by public issue as per disclosed in the notes to the financial statements.
- XX. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For **VIVEK RANDAD & CO.**  
Chartered Accountants

**VIVEK RANDAD**  
Proprietor

Place: Parli,

Date : May 2nd, 2006

**BALANCE SHEET AS AT 31ST MARCH, 2006**

	SCH.	31ST MARCH, 2006		31ST MARCH, 2005	
		RUPEES	RUPEES	RUPEES	RUPEES
<b>SOURCES OF FUNDS</b>					
<b>Shareholders' Fund</b>					
Share Capital	A	100,251,600		65,250,000	
Reserve and Surplus	B	<u>408,969,886</u>		<u>50,876,079</u>	
			509,221,486		116,126,079
<b>Loans Funds</b>					
Secured Loans	C	110,748,612		99,306,566	
Unsecured Loans	D	<u>27,282,994</u>		<u>52,762,518</u>	
			138,031,606		152,069,084
<b>Deferred Tax Liability(Net)</b>	J		<u>2,028,957</u>		<u>3,790,024</u>
<b>Total</b>			<u><u>649,282,049</u></u>		<u><u>271,985,187</u></u>
<b>APPLICATION OF FUNDS</b>					
<b>Fixed Assets</b>					
Gross Block	E	289,363,026		202,917,700	
Less : Depreciation		<u>100,988,556</u>		<u>72,092,216</u>	
Net Block			188,374,470		130,825,484
<b>Capital Work-in Progress</b>			1,000,000		7,750,000
<b>Investments</b>	F		52,033,000		5,100,000
<b>Current Assets, Loans and Advances</b>					
Inventories	G	63,067,002		43,208,903	
Sundry Debtors and Bills Receivables		281,763,017		162,678,461	
Prepaid Expenses		6,773,767		5,873,927	
Cash and Bank Balance		193,581,158		42,821,482	
Loans, Advances and Deposits		<u>148,509,845</u>		<u>68,267,823</u>	
			693,694,789		322,850,596
<b>Less: Current Liabilities and Provisions</b>	H	<u>295,629,013</u>		<u>194,540,893</u>	
<b>Net Current Assets</b>			398,065,776		128,309,703
<b>Miscellaneous Expenditure</b> (To the extent not written off or adjusted)	I		<u>9,808,803</u>		<u>—</u>
<b>Total</b>			<u><u>649,282,049</u></u>		<u><u>271,985,187</u></u>

**NOTES ON ACCOUNTS**

As per our report of even date attached

For Vivek Randad & Co.  
Chartered Accountants

Vivek Randad  
Proprietor

Place: Nagpur

Date : 2nd May, 2006

For and on behalf of the Board of Directors

R. M. Gutte  
CMD

Place: Nagpur

Date : 2nd May, 2006

Sunil R. Gutte  
Director

Place: Nagpur

Date : 2nd May, 2006

## PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2006

	SCH.	31ST MARCH, 2006 RUPEES	31ST MARCH, 2005 RUPEES
<b>INCOME</b>			
Workorder	1	1,327,426,024	679,376,324
Other Income	2	4,351,185	5,924,347
Variation in Work in progress	3	3,484,786	3,091,571
<b>Total</b>		<b>1,335,261,995</b>	<b>688,392,242</b>
<b>EXPENDITURE</b>			
Consumption of Materials	4	629,524,160	230,898,307
Site and Operating Expenses	5	490,613,294	331,240,460
Personnel Cost	6	42,748,710	27,839,643
Administration Cost	7	37,474,551	24,688,256
Interest and Financial Charges	8	23,495,184	14,595,700
Depreciation	E	28,870,650	20,545,913
<b>Total</b>		<b>1,252,726,550</b>	<b>649,808,279</b>
<b>PROFIT BEFORE TAXES</b>		<b>82,535,445</b>	<b>38,583,963</b>
<b>Provision for Taxes</b>			
Current Tax		27,781,431	14,756,658
FBT		498,043	–
Deferred Tax		1,761,071	1,390,283
<b>PROFIT BEFORE EXCEPTIONAL ITEMS</b>		<b>56,017,042</b>	<b>22,437,022</b>
Capital Gain		–	2,406,753
Income Tax for Prior Period		124,905	1,778,810
<b>NET PROFIT FOR THE YEAR</b>		<b>55,892,137</b>	<b>23,064,965</b>
<b>Balance Brought Forward from Previous Year</b>		<b>25,914,950</b>	<b>20,156,481</b>
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>		<b>81,807,087</b>	<b>43,221,446</b>
Proposed Dividend		10,025,160	–
Provision for Tax on Proposed Dividend		1,406,029	–
General Reserve		5,589,214	2,306,497
Balance carried to Balance Sheet		64,786,685	40,914,950
<b>Total</b>		<b>81,807,087</b>	<b>43,221,446</b>
<b>Earnings per share - Basic &amp; Diluted (Rs.)</b>			
- excluding exceptional items		8.20	4.00
- including exceptional items		8.18	4.11
Weighted average number of shares		6,834,396	5,610,416

## NOTES ON ACCOUNTS

As per our report of even date attached

For and on behalf of the Board of Directors

For Vivek Randad & Co.  
Chartered AccountantsVivek Randad  
Proprietor

Place: Nagpur

Date : 2nd May, 2006

R. M. Gutte  
CMD

Place: Nagpur

Date : 2nd May, 2006

Sunil R. Gutte  
Director

Place: Nagpur

Date : 2nd May, 2006

**SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2006**

	31ST MARCH, 2006		31ST MARCH, 2005	
	RUPEES	RUPEES	RUPEES	RUPEES
<b>SCHEDULE : A</b>				
<b>SHARE CAPITAL</b>				
<b>Authorised</b>				
1,20,00,000 Equity Shares of Rs.10/- each		<u>120,000,000</u>		<u>70,000,000</u>
<b>Issued and Subscribed</b>				
1,00,25,160 Equity Shares of Rs.10/- each		<u>100,251,600</u>		<u>65,250,000</u>
<b>Paid up</b>				
1,00,25,160 Equity Shares of Rs.10/- each Fully Paid up		<u>100,251,600</u>		<u>65,250,000</u>
		<u>100,251,600</u>		<u>65,250,000</u>
<b>SCHEDULE : B</b>				
<b>RESERVE AND SURPLUS</b>				
<b>General Reserve</b>				
Opening Balance		4,655,165		2,348,668
Transferred from Profit & Loss A/c.		<u>5,589,214</u>		<u>2,306,497</u>
		10,244,379		4,655,165
<b>Profit and Loss Account</b>				
Balance in Profit & loss Account		64,786,685		40,914,950
Bonus Shares Issued		-		<u>(15,000,000)</u>
		<u>64,786,685</u>		<u>25,914,950</u>
<b>Revaluation Reserve</b>				
<b>Securities Premium</b>		6,424,422		6,555,965
During the Year (Bonus Share)		13,750,000		36,250,000
Add.During the Period		<u>313,764,400</u>		<u>(22,500,000)</u>
		<u>327,514,400</u>		<u>13,750,000</u>
<b>TOTAL :</b>		<u>408,969,886</u>		<u>50,876,079</u>
<b>SCHEDULE : C</b>				
<b>SECURED LOANS</b>				
<b>From Banks</b>				
G.E. Capital & Finance		2,004,080		-
ICICI Bank Limited		21,860,577		10,157,845
H.D.F.C. Bank Ltd.		11,356,482		10,068,551
UCO Bank Term Loan		5,889,397		10,662,887
Housing Loan From UCO Bank		19,852,421		15,095,619
Cash Credit		49,785,655		53,277,354
<b>From Finance Company</b>				
Cholamandalam Investment and Finance Company Limited		-		<u>44,310</u>
		<u>110,748,612</u>		<u>99,306,566</u>
<b>SCHEDULE : D</b>				
<b>UNSECURED LOANS</b>				
Mobilisation Advance		25,506,994		52,388,754
Other Secured Advance		<u>1,776,000</u>		<u>373,764</u>
		<u>27,282,994</u>		<u>52,762,518</u>

## SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2006

SCHEDULE : E  
FIXED ASSETS

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	ORIGINAL COST	ADDITIONS DURING THE YEAR	LESS DURING THE YEAR	AS AT 31.03.2006	UPTO 31.03.2005	Percentage (%)	FOR THE 31.03.2006	Adjustment	AS AT 31.03.2006	AS AT 31.03.2005
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land	4,603,796	12,581,476	-	17,185,272	-	0.00%	-	-	17,185,272	4,603,796
Building	29,173,074	10,332,059	-	39,505,133	3,069,654	5.00%	1,627,169	-	34,808,310	26,103,420
Plant and Machinery	148,899,480	56,455,410	-	205,354,890	60,646,640	20.87%	24,088,473	25,690	120,619,777	88,252,840
Furniture and Fixtures	7,413,614	1,072,240	-	8,485,854	1,717,218	18.10%	1,095,402	-	5,673,234	5,696,396
Vehicles	12,827,736	6,019,141	15,000	18,831,877	6,658,704	25.89%	2,085,296	-	10,087,877	6,169,032
TOTAL	202,917,700	86,460,326	15,000	289,363,026	72,092,216		28,896,340	25,690	188,374,470	130,825,484

**SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2006**

	31ST MARCH, 2006		31ST MARCH, 2005	
	RUPEES	RUPEES	RUPEES	RUPEES
<b>SCHEDULE : F</b>				
<b>INVESTMENTS</b>				
Long Term (At Cost . Unquoted. Non Trade)				
Shares in Pangeshwar Sugar Factory Shares (P. Y. 40,00,000) of Rs.10/- each.		4,000,000		4,000,000
Shares in Yogeshwari Sugar Factory Shares (P. Y. 10,00,000) of Rs.10/- each.		1,000,000		1,000,000
Shares in Niyojit Vidarbha Sahakari Bank		100,000		100,000
Investment in Sunil Hi-Tech Engg. & Mfg. P.L.		3,100,000		-
DSP Merrill Lynch (Mutual Fund)		43,800,000		-
National Saving Certificate		33,000		-
		<u>52,033,000</u>		<u>5,100,000</u>
Note: Face Value of Unquoted Shares		5,100,000		5,100,000
<b>SCHEDULE : G</b>				
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>				
<b>[A] CURRENT ASSETS</b>				
<b>Interest Accrued</b>		-		-
<b>Inventories</b> (As valued and certified by Management)				
Consumable Stores	23,592,812		15,903,736	
Non-Consumable Stores	14,735,690		11,887,760	
Electrodes	14,457,708		8,288,395	
Gases	502,889		700,485	
Radiography Consumable	-		135,410	
Work in Progress Closing (At estimated cost)	9,777,903		6,293,117	
		63,067,002		43,208,903
<b>Sundry Debtors</b>				
Unsecured, Considered good				
Within in Six Months				
Good Debt	253,603,642		157,693,588	
Doubtful Debt	-		-	
Above Six Months				
Good debt	22,528,928		4,984,873	
Doubtful Debt	5,630,447		-	
		281,763,017		162,678,461

## SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2006

	31ST MARCH, 2006		31ST MARCH, 2005	
	RUPEES	RUPEES	RUPEES	RUPEES
<b>Prepaid Expenses</b>		<b>6,773,767</b>		5,873,927
<b>Cash and Bank Balances</b>				
Cash in Hand	<b>2,465,583</b>		1,979,182	
<b>Bank Balances</b>				
<b>a) With Scheduled Banks</b>				
in Current Accounts	<b>11,856,602</b>		6,543,006	
in Deposit Accounts	<b>179,258,973</b>		34,299,294	
<b>b) With NonScheduled Bank</b>				
in Current Accounts	<b>—</b>	<b>193,581,158</b>	<b>—</b>	42,821,482
<b>[B] LOANS AND ADVANCES</b>				
(Unsecured Considered Good)				
Advance recoverable in cash or in kind or for value to be received				
Security Deposit, Earnest Money, Retention Money and Withheld with Customers	<b>93,489,388</b>		49,436,692	
Deposits with Government Organisations	<b>4,499,646</b>		706,746	
Other Advances	<b>1,464,316</b>		1,045,597	
Cenvat Credit	<b>5,085,081</b>		3,297,082	
Advance Taxes	<b>29,185,038</b>		13,781,706	
Sunil Hi-Tech Engg. & Mfg. Pvt. Ltd.	<b>8,021,711</b>		—	
Other Receivables	<b>6,764,664</b>	<b>148,509,845</b>	<b>—</b>	68,267,823
		<b>693,694,789</b>		322,850,596
<b>SCHEDULE : H</b>				
<b>CURRENT LIABILITIES AND PROVISIONS</b>				
<b>[A] CURRENT LIABILITIES</b>				
<b>Sundry Creditors</b>				
i) For Goods Supplied		55,912,850		32,696,504
ii) Sub-Contractors		198,372,617		147,087,731
Amount Payable Against work	127,233,914		108,121,379	
Security Deposit of Petty Contractors, Retention Money, Withheld from Contractor	28,935,134		20,110,072	
iii) Other Payable	42,203,569		18,856,280	

**SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2006**

	31ST MARCH, 2006		31ST MARCH, 2005	
	RUPEES	RUPEES	RUPEES	RUPEES
<b>[B] PROVISIONS</b>				
Provision for Taxation		29,912,357		14,756,658
Provision for Proposed Dividend		10,025,160		-
Provision for Tax on Proposed Dividend		1,406,029		-
		<u>295,629,013</u>		<u>194,540,893</u>
<b>SCHEDULE : I</b>				
<b>MISCELLANEOUS EXPENDITURE</b> (To the extent not Written off or adjusted)				
Preliminary Expenses		-		-
Expenses on Subscription of Shares		9,808,803		-
		<u>9,808,803</u>		<u>-</u>
<b>SCHEDULE : J</b>				
<b>DEFERRED TAX LIABILITY (NET)</b>				
Deferred Tax Liability	3,790,028		3,790,024	
Less: Deferred Tax Asset	1,761,071		-	
		<u>2,028,957</u>		<u>3,790,024</u>
<b>Total</b>		<u>2,028,957</u>		<u>3,790,024</u>

## SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT AS AT 31ST MARCH, 2006

	31ST MARCH, 2006		31ST MARCH, 2005	
	RUPEES	RUPEES	RUPEES	RUPEES
<b>SCHEDULE : 1</b>				
<b>NET SALES</b>				
Work Order (Fabrication, Erection, Modification & Overhauling)		1,283,076,169		679,376,324
Supply of Material		44,349,855		–
		<u>1,327,426,024</u>		<u>679,376,324</u>
<b>SCHEDULE : 2</b>				
<b>OTHER INCOME</b>				
Interest Income From Bank		1,974,389		1,608,190
Miscellaneous Receipts		741,026		115,517
Cenvat Credit		–		3,904,255
Rent Receipts		96,000		96,000
Income from Crane Lease Charges		302,985		200,385
Other Interest		873,273		–
Workmen Compensation		363,512		–
		<u>4,351,185</u>		<u>5,924,347</u>
<b>SCHEDULE : 3</b>				
<b>VARIATION IN WORK IN PROGRESS</b>				
Work in Progress				
Closing Work in Progress	9,777,903		6,293,117	
Less : Opening Work in Progress	<u>6,293,117</u>	<u>3,484,786</u>	<u>3,201,546</u>	<u>3,091,571</u>
		<u>3,484,786</u>		<u>3,091,571</u>
<b>SCHEDULE : 4</b>				
<b>CONSUMPTION OF MATERIALS</b>				
i) Material Consumed (Other than Steel)				
Opening Stock	36,915,786		16,828,941	
Add: Purchases	<u>207,647,107</u>		<u>121,824,118</u>	
	244,562,893		138,653,059	
Less : Closing Stock	<u>53,289,098</u>	191,273,795	<u>36,915,786</u>	101,737,273
ii) Cost of Steel		403,285,365		129,161,034
iii) Supply of Material		<u>34,965,000</u>		–
		<u>629,524,160</u>		<u>230,898,307</u>

**SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT AS AT 31ST MARCH, 2006**

	<b>31ST MARCH, 2006</b>	<b>31ST MARCH, 2005</b>
	<b>RUPEES</b>	<b>RUPEES</b>
<b>SCHEDULE : 5</b>		
<b>SITE AND OPERATING EXPENSES</b>		
Civil Construction Expenses	28,931,047	29,468,779
Commercial Tax	914,884	464,666
Erection Expenses	19,914,918	38,256,782
Fabrication & Erection Expenses	282,911,259	148,523,018
Freight & Cartage	437,931	347,331
Fuel Oil & Lubricants	5,105,833	4,431,638
Hire Charges for Crane	19,967,323	6,655,407
Hire Charges for Machinery	1,202,555	470,386
Miscellaneous Recovery	98,769	811,047
Modification & Overhauling Expenses	61,801,461	61,982,707
Project Design & Consultation charges	6,554,801	2,474,129
Radiography Charges	3,828,000	2,200,772
Repair and Maintenance of Crane	3,803,284	3,829,759
Repair and Maintenance of Machines	2,292,481	1,073,967
Safety Expenses	238,310	50,082
Security Guard Exp.	298,061	113,043
Site Expenses	490,451	242,381
Temporary Residential Colony	6,130,580	429,862
Temporary Site Office Construction	2,830,003	2,305,795
Tender Fees	530,834	367,770
Testing Charges	656,676	541,536
Tools Expenses	319,351	1,689,445
Transportation Expenses	6,337,597	5,388,804
Value Added Tax	3,270,434	-
Wages & O.T. Wages	24,771,836	13,620,848
Water & Electricity Charges	3,531,669	1,698,287
Work Contract Tax	3,442,948	3,802,219
	<u>490,613,294</u>	<u>331,240,460</u>

**SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT AS AT 31ST MARCH, 2006**

	<b>31ST MARCH, 2006</b>	<b>31ST MARCH, 2005</b>
	<b>RUPEES</b>	<b>RUPEES</b>
<b>SCHEDULE : 6</b>		
<b>PERSONNEL COST</b>		
ESIC	46,323	-
Festival Expenses	46,495	-
House Rent & Electricity	2,758,625	4,909,168
Incentives	264,336	115,096
Medical Expenses	679,225	294,334
Provident Fund	3,072,213	1,595,032
Salary to Staff	33,372,223	18,352,181
Staff & Labour Welfare Expenses	2,479,563	1,627,006
Workmen's Compensation	29,707	946,826
	<u>42,748,710</u>	<u>27,839,643</u>
<b>SCHEDULE : 7</b>		
<b>ADMINISTRATION EXPENSES</b>		
Advertisement Expenses	165,675	326,471
Annual Meeting	82,633	-
Audit Fees	400,000	200,000
Auditor Expenses	67,292	47,514
Award Expenses	128,658	-
Bad Debt Written Off	100,000	26,812
Books & Periodical Expenses	33,865	7,219
Business Development Expenses	127,266	-
Business Promotion	272,216	246,335
Directors Fees	34,000	-
Donations	30,000	89,430
Electricity Charges	1,035,021	2,386,745
Hire Charges for Vehicles	1,561,092	1,974,621
Hire Charges of Vehicles for Emp./Dir	407,132	-
Insurance Expenses	1,688,313	1,175,315
IPO Expenses	2,324,871	-
ISO Certification Expenses	78,948	163,565
Key Men Insurance	3,541,508	3,192,887
Labour Welfare Fund	9,600	7,200
Legal Expenses	135,636	274,369
Mess Utensils	212,003	49,159
Newspaper & Periodicals	40,158	29,206

**SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT AS AT 31ST MARCH, 2006**

	<b>31ST MARCH, 2006</b>	<b>31ST MARCH, 2005</b>
	<b>RUPEES</b>	<b>RUPEES</b>
Office Expenses	523,041	341,352
Pooja Expenses	368,545	289,021
Postage, Telegram & Courier Services	270,903	218,529
Printing and Stationary	2,184,696	1,223,928
Professional Charges	1,291,355	160,087
Promoters Commission	850,000	-
Rate, Fees & Taxes	649,878	975,214
Repair & Maintenance of Comp. & Prin.	130,127	95,120
Repair & Maintenance of General	188,581	192,265
Repair & Maintenance of Office Building	237,624	167,833
Running & Maintenance of Vehicles	2,674,285	2,075,687
ROC & SEBI Expenses	127,330	-
Salary to Director	4,560,000	2,436,129
Service Tax	3,239,722	506,454
Software Development Exp.	76,460	-
Telephone & Telex	2,531,430	1,701,991
Training & Development Exp.	496,280	53,099
Travelling & Conveyance	3,339,602	2,642,029
Travelling Expenses of Directors	1,258,807	1,412,670
	<u>37,474,551</u>	<u>24,688,256</u>
 <b>SCHEDULE : 8</b>		
<b>INTEREST AND FINANCIAL CHARGES</b>		
Bank Charges	1,159,231	520,210
Bank Guarantee Commission	4,319,474	3,210,353
Expenses for Credit facility	962,890	1,064,845
Interest Charges on Term Loan	4,347,509	2,090,079
Interest on Housing Loan	1,487,703	543,416
Interest on Service Tax	1,153,931	-
Interest on Working Capital Loan	9,123,754	4,283,696
Interest Paid to Customer(Against Advance)	893,311	762,616
Interest Paid to Depositor	-	2,070,000
L. C. Charges	47,381	50,485
	<u>23,495,184</u>	<u>14,595,700</u>

**(I) Significant Accounting Policies adopted in preparation and presentation of accounts:**

**a) Method of Accounting :**

- a) The company follows mercantile system of accounting and recognizes Income and Expenditure on accrual basis except in case of Leave Encashment and Gratuity are accounted for on cash basis
- b) The accounts have been prepared in accordance with Accounting Standards referred to in sub-section (3C) of the Section 211 of the Companies Act, 1956.
- c) Financial Statements are based on historical cost. These costs are not adjusted to reflect the impact of changing value in the purchasing power of money.

**b) Revenue Recognition:**

- (a) Revenue from construction contracts is recognized on Percentage Completion Method as per Accounting Standard 7.
- (b) Subject to (i) above, Contract receipt are accounted for on the basis of Bills submitted to clients/bills certified by clients and do not include material supplied by clients free of cost.
- (c) Amounts due in respect of price escalation claims and/or variation in contract work approved by the customers are recognized as revenue only if the contract allow for such claims or variations and/or there is evidence that the customer has accepted it.
- (d) Revenue from interest income is recognized on time basis.
- (e) Revenue from work in progress is recognized on estimated basis as certified by technical officers.
- (f) Revenues from sale of products and services :  
Revenue from sales of products are recognized on dispatch of goods to customers which corresponds to transfer of significant risk and rewards of ownership and are net of sales tax and trade discounts. Revenues from services are recognized when such services are rendered.

**c) Taxation:**

- a) Provision for current income tax is made in accordance with the Income Tax Act, 1961.
- b) Deferred tax is recognized, subject to consideration of prudence on timing differences, being the differences between taxable income and accounting income that origin in one period and are capable of reversal in one or more subsequent periods. Deferred Tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

- c) In case of matters under appeal, if any, due to disallowances or otherwise, full provision is made when the said liabilities are accepted by the Company.

**d) Foreign Currency Transaction:**

There were no foreign currency transactions during the year.

**e) Retirement Benefits:**

Cost of retirement benefits i.e. Provident Fund is accounted for on accrual basis and Gratuity and Leave encashment is accounted for on the basis of expenses as incurred.

**f) Deferred Revenue Expenditure:**

Revenue expenses of a substantial magnitude which are expected to benefit for some years in future are charged considering relative benefit of expenditure.

**g) Fixed Assets and Depreciation:**

- a) Fixed Assets are stated at cost less depreciation. Costs include all expenses incurred to bring the assets to its present location and condition. Exchange differences on translation of foreign currency transaction obtained to purchase fixed assets from countries outside India are included in the cost of such assets.
- b) Depreciation is provided on written down value method except freehold land at the rate and in the manner laid down in Schedule XIV to the Companies Act, 1956.
- c) Depreciation is calculated on a pro- rata basis from the date of addition.
- d) Fixed Assets excluding buildings, computers and individually costing Rs.5,000/- or less are not capitalized except when they are part of a larger capital investment programme.

**h) Capital Work In Progress**

Advances paid towards the acquisition of fixed assets and cost of assets not put to use before the year end are disclosed under Capital Work In Progress.

**i) Segment Reporting Policies**

Identification of Segments:

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

**j) Use of estimates**

- d) The preparation of financial statements required the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the finance.

**k) Valuation of Investments**

Long term Investments are stated at cost less provision, if any, for diminution, which is other than temporary in nature. Current investments comprising mutual funds are stated at lower of cost & fair value, determined on a portfolio basis.

**l) Inventories**

- a) Stocks at various sites are valued at cost or net realizable value, whichever is lower, following FIFO basis.
- b) Work in Progress is valued at estimated cost. Cost includes direct materials, labour cost and appropriate overheads.

**m) Public Issue Expenses**

Public Issue Expenses have been amortized in accordance with section 35-D of the Income Tax Act, 1961.

**n) Custom Duties**

Custom Duty payable on raw materials, stores and machinery are accounted for on clearing of goods from Custom Warehouse.

**o) Sundry Debtors, Advances and Deposits**

Books Debts, advances and deposits balances considered irrecoverable are written off.

**p) Miscellaneous Expenditure**

I.S.O. Certification expenses are written off in equal installments over three years.

Benefits of certification are going to accrue from 1 April, 2003.

**q) Prior Period Items**

Rs.25,690/- Depreciation charged on Cenvat Credit in previous year has been reversed.

**r) Contingent Liabilities**

Contingent Liabilities are disclosed in the accounts by way of note giving nature of liability and its quantum, if ascertained.

- s) Figures for previous year have been regrouped wherever considered necessary and practicable to the extent data is readily available.

**B) Notes on Accounts :**

- 1] (i) Term Loan from UCO Bank is secured by way of first pari-passu charge on specific movable and immovable fixed assets of the Company procured out of Term Loan.
- (ii) Working Capital facilities from UCO Bank is secured by way of hypothecation of stock and book-debts both present and future of the Company, first pari-passu charge (hypothecation) on the fixed assets, Personal Guarantees of Chairman, Associates and their relatives.
- (iii) Housing Loan from UCO Bank is secured by way of equitable mortgage of immovable property procured out of loan.
- (iv) Mobilization Advances from clients are secured against bank guarantees.
- (v) Hire purchase finance from ICICI & HDFC Bank are secured by way of hypothecation of respective assets, first pari-passu charge on the fixed assets, personnel guarantees of Chairman, Associates & their relatives.

**2] Contingent liabilities not provided for :**

- (i) In respect of guarantees and letter of credits issued by Bank, outstanding as at 31st March 2006 Rs. 2144.64 lacs net of margin.
- (ii) In respect of Legal cases of different matters Rs.2.36 Lacs, as the representation has been filed with the concerned authorities.

- 3] (l) On February 27, 2006, consequent to an Initial Public Offer, the company issued and allotted 34,75,160 equity shares of Rs.10 each at a premium of Rs. 90 per share.

The issued share capital increased by Rs. 347.52 Lacs and a premium of Rs. 3127.64 Lacs have been credited to the Securities Premium Account.

- (ii) During the year the company issued 19,500 equity shares of Rs. 10 each at a premium of Rs. 40/- per share under an Employee Share Purchase Scheme and 5,500 no of equity shares to friends and associates of promoter at Rs. 50/- per share.

- 4] Company has not acknowledged claims amounting to Rs. 2.36 Lacs as debts as in the opinion of management these claims are frivolous.

- 5] Parties balances are subject to confirmation from them.

- 6] Disclosure required by Clause 32 of the Listing Agreement.

Amount of Loans and Advances in nature of loans outstanding in subsidiaries in the year ended March 31, 2006.

Subsidiary Company	O/s as at March 31 2006	Max. Amt O/s during the year	Investment in shares & shares application money of Subsidiary of the Company
	(Rs. In Lacs)	(Rs. In Lacs)	(Rs. In Lacs)
Sunil Hitech Engineers & Manufacturers Pvt. Ltd.	80.22	80.22	31.00

- 7] Maximum amount due at any time during the year from Concern/Companies in which Directors and/or their relatives are interested.

(Rs. In Lacs)

Name	Current Year	Previous Year
Trimurthy Engineers	Dr. 20.57	Nil
Essar Engineering Works	Dr. 2.66	Nil

- 8] Estimated amount of Contracts remaining to be executed on Capital Account (Net of Advances) Rs. 303.60 Lacs
- 9] In the opinion of Board of Directors all the Current Assets, Loans and Advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated and that all the known liabilities relating to the year have been provided for.
- 10] Profit for the year has been arrived after adjusting prior period debits of Rs. 4.60 Lacs and prior period credits of Rs. Nil Lacs charged/credited to Profit & Loss Account.
- 11] Loans to Subsidiary: Sunil HI-Tech Engineers Limited had granted interest-free, short-term loans of Rs. 80,21,711/- to its wholly owned subsidiary M/s. Sunil Hi-Tech Engineers & Manufacturers Pvt. Ltd. It is granted to finance the Land, machinery and for construction of Factory Building.
- 12] As the subsidiary company (Sunil Hi-Tech Engineers & Manufacturers Pvt. Ltd.) has not yet started its manufacturing operation, we had not considered its financial position and therefore consolidation report not given. However, we are disclosing following financial

information certified by **Ramakrishnan & Maitra, Chartered Accountants, Nagpur.**

(Amt. in Rs.)

i) Share Capital (Including Share Application Money)	33,80,900
ii) Unsecured Loans	80,21,711
iii) Fixed Assets	30,66,392
iv) Capital WIP	73,63,318
v) Current Assets, Loans & Advances	27,62,274
vi) Current Liabilities & Provisions	26,57,169
vii) Miscellaneous Expenditure	8,67,796

**13] Payment made or provided during the year to Directors :**

a) Remuneration to Managing Directors	(Rs.)
i) Salary	22,00,000
ii) Employer-Employee Insurance Scheme	8,09,805
iii) Estimated Value of perquisites	2,42,000
iv) Meeting Fees	-
v) Promoters Commission	8,50,000
b) Remuneration to Directors	(Rs.)
i) Salary	23,60,000
ii) Insurance Premium	3,83,082
iii) Estimated Value of perquisites	1,12,200
iv) Meeting Fees	-

*Statement Showing the Computation of Net Profits in Accordance with Section 309(5) of Companies Act, 1956.*

(Amt. In Rs.)

Net Profit as per Profit & Loss Account	5,60,17,042
Add : Provision for Income Tax	2,77,81,431
Add : Provision for FBT	4,98,043
Add : Deferred Tax	17,61,071
<b>Total (a)</b>	<b>8,60,57,587</b>
Add : Salary & Other Remuneration paid to Director in Cash (as per Profit & Loss Account)	66,02,887
<b>Net profit as per Section 309(5) of the Companies Act ,1956. (b)</b>	<b>9,26,60,474</b>

Total Remuneration Permissible as per Section 198 & 309 of the Companies Act, 1956 is equal to 11% of Net Profit as shown in (b).

The total remuneration paid is within the above permissible limit.

**14] Amount paid and / or provided to the Auditors**

	Amt. in (Rs.)
a) As an Auditor	2,00,000
b) For Services :	
i) for taxation matters	1,00,000
ii) for company matters	--
iii) for other services	1,00,000
c) Out of pocket expenses	50,000

15] Information relevant to outstanding dues to Small Scale Industrial undertakings as define under clause (j) of Section 3 of the Industrial (Development and Regulation) Act., 1951, is not available.

16] The company had deployed funds raised in public issue as per prospectus which is as under:

	Amt. in (Lacs)
(i) Long Term Incremental Working Capital	Rs. 1000
(ii) Foreclosure of Term Loans	Rs. 284
<b>Total</b>	<b>Rs. 1284</b>

**17] Related Party Disclosures**

a) Name of the related party and nature of relationship:  
Key Management Personnel

Sr. No.	Name of the Party	Designation
(i)	R.M. Gutte	C.M.D.
(ii)	Mrs. S. R. Gutte	Executive Director
(iii)	Sunil R. Gutte	Executive Director
(iv)	M. N. Mohanan	Executive Director
(v)	S. K. K. Ramaiah	Executive Director

**Relative of Key Management Personnel**

Sr.No.	Name of the Party	Designation
(i)	Vijay R. Gutte	Relative of Directors
(ii)	Swati R. Gutte	Relative of Directors
(iii)	Lahoodas M. Gutte	Relative of Directors
(iv)	Essar Engineering Works	Concern Over which Director has significant influence
(v)	Trimurti Engineers	Concern Over which relative of Director has significant influence
(vi)	Vijay Construction Company	Concern Over which relative of Director has significant influence

**Subsidiary of the Reporting Enterprise**

Sunil Hi-Tech Engineers & Manufacturers Pvt. Ltd.,

**b) Transactions with related party during the year :**

As per annexure attached to the Auditors' report

**c) The information given above, have been reckoned on the basis of information available with the company.**

**18] SEGMENT INFORMATION**

Primary Segment Reporting : Business Segment

The Company's business segments were classified into Project, O & M and Supply

Project Segment: This segment is engaged in the business of Fabrication, Erection & Commissioning of Boilers (Power Plants), Erection, Testing, Commissioning of ESP.

O & M Segment: This segment is engaged in the business of Repair & Maintenance, Overhauling, and Renovations of Boilers and auxiliaries, Ash Handling Systems etc.

Supply Segment: This segment is engaged in the business of Supply of Economizer Coils, Reheater Coils, Raiser Tubes & J Bends at various Thermal Power Plants.

Inter Segment Transfer: Segment revenues, segment expenses and segment results include transfer between business segments that are made based on negotiation between segments with reference to the costs, market prices and business risks, within the overall optimization objective for the Company and are comparable with competitive market prices charged to external customers. Inter-segment transfer are eliminated on consolidation.

The detailed report on segmental revenue is attached in the form of an annexure to the Auditor's Report.

As per our Report of even date attached

*Signatures to Schedules "A" to "J" and "1" to "8" and Accounting Policies.*

For **Vivek Randad & Co.**  
Chartered Accountants

**Vivek Randad**  
Proprietor

Place : Nagpur  
Date : 2nd May 2006

## Annexure to the Auditor's Report

Annexure to the Notes to Accounts attached to the Auditors Report for the year ended on 31.3.2006

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2006

		31-Mar-06
<b>I</b>	Cash flow from Operating Activities	
	Net Profit before tax and extraordinary items.	(A) <b>82535445</b>
	Adjustment for	
	Depreciation	28870650
	Deferred Revenue Expenditure	-9808803
	Interest & Financial Charges	23495184
	Interest/ Dividend/Rent / Misc. Receipt	-3684688
		(B) <b>38872344</b>
	Adjustment for	
	Trade and Other Receivables and Advances	-199326578
	Prepaid Expenses	-899840
	Inventories/ WIP	-19858095
	Trade and other Payable	74501232
		(C) <b>-145583281</b>
	Interest & Financial Charges	-23495184
	Direct Taxes (Paid)	-13123775
		(D) <b>-36618959</b>
	Extraordinary Item	0
	Prior year adjustment	-124905
		(E) <b>-124905</b>
	Net Cash Flow from Operating Activities (A + B + C + D + E)	(F) <b>-60919356</b>
<b>II</b>	Cash Flow from Investment Activities	
	Purchase of Fixed Assets	-86566178
	Sale of Fixed Assets	15000
	Advances for Asset (Capital WIP)	6750000
	Profit on Sale of Assets	0
	Investments	-46933000
	Sale Investment/Bonds	0
	Interest Received	2847662
	Dividend Received	0
	Rent and Miscellaneous Receipt	837026
	Net Cash Flow From Investment Activities	(G) <b>-123049490</b>
<b>III</b>	Cash Flow from Financing Activities	
	Proceeds from Issue of Share Capital	35001600
	Proceeds from Share Premium	313764400
	Proceeds from Long Term Borrowings	11442046
	Proceeds from Unsecured Loans	-25479524
	Repayment of Finance, Lease Liabilities	0
	Dividend Paid	0
	Net Cash Used in Financial Activities	(H) <b>334728522</b>
	Total = (F + G + H)	(I) <b>150759676</b>
	Net Increase in Cash and Cash Equivalents	150759676

As per our report of even date attached  
For **Vivek Randad & Co.**  
Chartered Accountants

For and on Behalf of the Board

**Vivek Randad**  
Proprietor

**R. M. Gutte**  
Managing Director

**S.R. Gutte**  
Director

Place : Nagpur  
Date : 2nd May, 2006

## AUDITORS' REPORT

I have verified the attached Cash Flow Statement of Sunil Hitech Engineers Limited, derived from the audited financial statement and the books and record maintained by the Company for the period ended 31st March, 2006 and found the same in agreement herewith.

Annexure to Pt. 17(b) of the Notes to Accounts attached to the Auditors Report for the year ended on 31.3.2006

**Transactions with related party during the year :**

Particulars	Holding Company	Subsidiaries	Associates	Key Mangmt. Personnel	Relative of Key Mangmt. Personnel	Total
Salary	-	-	-	55,10,000	6,80,000	61,90,000
Loans & Advances	-	80,21,711	-	-	-	-
House Rent	-	-	-	6,30,000	1,50,000	7,80,000
Vehicle Hire Charges	-	-	5,10,000	-	1,68,000	6,78,000
Investment in Subsidiary	-	31,00,000	-	-	-	31,00,000
Others	-	-	23,00,000	-	5,12,553	28,12,553

Annexure to Pt. 18 of the Notes to Accounts attached to the Auditors Report for the year ended on 31.3.2006

## SEGMENTAL REPORTING

Sr. No.	Particulars	Figures For 3 Months Ended 31st Mar'06	Year to Date Figures For Current Year 05-06	Year to Date Figures For Previous Year 04-05
<b>1</b>	<b>Segment Revenue</b> (Net Sales/Income from each segment should be disclosed under this head)			
	a. Project	3268.51	11727.55	5390.39
	b. Operation & Maintenance	236.25	1103.21	1403.37
	c. Supply	265.14	443.50	0.00
	<b>Total</b>	<b>3769.90</b>	<b>13274.26</b>	<b>6793.76</b>
	Less: Inter segment Revenue	0.00	0.00	0.00
	Net Sales /Income from Operations	0.00	0.00	0.00
<b>2</b>	<b>Segment Results</b> (Profit (+)/Loss(-) before tax and interest from each segment)*			
	a. Project	361.39	1090.38	444.02
	b. Operation & Maintenance	47.00	208.37	293.18
	c. Supply	75.40	93.85	0.00
	<b>Total</b>	<b>483.79</b>	<b>1392.60</b>	<b>737.20</b>
	Less: i) Interest **	70.20	234.95	145.96
	ii) Other un-allocable expenditure net off un-allocable income	141.25	332.06	205.41
	<b>Total Profit Before Tax</b>	<b>272.34</b>	<b>825.59</b>	<b>385.84</b>
<b>3</b>	<b>Capital employed</b> (Segment Assets - Segment liabilities)			
	a. Project	610.18	1246.41	916.84
	b. Operation & Maintenance	460.29	447.36	204.28
	c. Supply	0.00	0.00	0.00
	<b>TOTAL</b>	<b>1070.47</b>	<b>1693.77</b>	<b>1121.12</b>
	i) (Other un-allocable Corporate Assets - Other un-allocable Corporate Liabilities )	1710.43	4778.16	1560.83

## Statement pursuant to Section 212 of the Companies Act, 1956

Name of the Subsidiary Company	Financial Year ending of the Subsidiary Company	Number of Equity Shares held	Extent of Holding	For financial year of the Subsidiary		For the previous financial years since it became a Subsidiary	
				Profit / (Losses) so far it concerns the members of the holding company and not deal with in the books of account of the holding company (except to the extent dealt with in col. 6	Profit / (Losses) so far it concerns the members of the holding company and not deal with in the books of account of the holding company Profit / (Losses)	so far it concerns the members of the holding company and not deal with in the books of account of the holding company (except to the extent dealt with in col. 6	Profit / (Losses) so far it concerns the members of the holding company and not deal with in the books of account of the holding company
1	2	3	4	5	6	7	8
Sunil Hi-Tech Engineers Manufacturers Pvt. Ltd.	31.03.2006	40,000	80%	-	-	-	-

**Note:** The subsidiary Company established on 28.05.2005 and yet to start its business. The establishment of the Factory is going on and it will start its business in the following year.

## CODE OF CONDUCT

(As evolved by the Industry)

Sunil Hitech Engineers Limited ("SHEL" or "The Company") has adopted a code of Conduct specifically for the members of the Board of Directors and / or members of the Senior Management of the Company, which sets out as follows:

- To act in the best interest of, and fulfill fiduciary obligations to the company; act honestly, ethically and with integrity, conduct themselves in professional, courteous and respectful manner and not take improper advantage of the position of Director;
- To comply with all applicable laws, rules and regulations;
- To act in good faith, responsibly, with due care, competence and diligence, without allowing their independent judgment to be subordinated;
- To act in the manner to enhance and maintain the reputation of the Company;
- To disclose any personal interest that they may have regarding any matters that may come before the Board and abstain from discussion, voting or otherwise influencing decision on any matter in which the concerned Directors has or may have such interest;
- To respect the confidentiality of information relating to the affairs of the Company acquired in the course of their services as Directors, while continuing as such a Director and even after ceasing to be such a Director, for a reasonable period of say two years, except when authorised or legally required to disclose such information;
- Restrain from using the Company's property or position for personal gain;
- Avoid such using any information or opportunity received in the capacity as Director for personal gain, or in a manner that would be detrimental to the Company's interest;
- Abstain from the Discussion, voting or otherwise influencing decision on any matters that may come before the Board in which they may have a conflict or potential conflict of interest.
- Not to use confidential information acquired in the course of their services as Directors for their personal advantage or for the advantage of and other entity in which they have a direct interest, or where they occupy a position of board or executive responsibility with influence over their decisions;
- Help create and maintain a culture of high ethical standards and commitment to Compliance.

No Director shall seek, or accept, any gifts or incentives in their capacity as Directors of the Company, except what is duly authorised as acceptance under the Company's gift policy.

A Director who has concerns regarding compliance with this Code should raise such concerns with the Chairman of the Board who will deal with the same. No waiver or suspension of any or all requirements of this Policy, or any modifications of this policy, shall be valid unless approved by the Board and formally minuted with reasons for such action.

Directors will annually sign a confirmation that they have read and will comply with this code.

This code shall be in addition to the code of Business Principles of the Company, copy of which is annexed.

### Code of business principles

#### Standard of Conduct :

We conduct our operations with honesty, integrity and openness, and with respect for the human rights and interests of our employees. We shall similarly respect the legitimate interests of those with whom we have relationships.

#### Obeying the Law :

SHEL and our employees are required to comply with the laws and regulations of India and other countries in which we may have operation in future.

#### Employees :

SHEL is committed to diversity in a working environment where there is mutual trust and respect and where everyone feels responsible for the performance and reputation of our company. We will recruit, employ and promote employees on the sole basis of the qualifications and abilities needed for the work to be performed. We are committed to safe and healthy working conditions for all employees. We will not use any form of the forced, compulsory or child labour. We are committed to working with employees to develop and enhance each individual's skills and capabilities. We respect the dignity of the individual and the right of employees to freedom of association. We will maintain good communication with the employees through the company based information and consultation procedures.

#### Consumers :

SHEL is committed to providing branded materials and services which consistently offer value in terms of quality and price and by completion of project within schedule or well before time provides the benefit to the consumer in terms of more earning opportunity.

#### Shareholders :

The company will conduct its operation in accordance with the internationally accepted principles of good corporate governance. We will provide timely, regular and reliable information on our activities, structure, financial situation and performance to all shareholders.

**Business Partners :**

SHEL is committed to establishing mutually beneficial relations with our suppliers, customers and business partners. In our business dealings we expect our partners to adhere to business principles consistent with our own.

**Community involvement :**

SHEL strives to be a trusted corporate citizen and, as an integral part of society, to fulfill our responsibilities to the societies and communities in which we operate.

**Public Activities :**

SHEL is encouraged to promote and defend their legitimate business interests. SHEL will co-operate with governments and other organizations, both directly and through bodies such as trade associations, in the development of proposed legislation and other regulations which may affect legitimate business interests. SHEL neither supports political parties nor contributes to the funds of groups whose activities are calculated to promote party interests.

**The Environment :**

SHEL is committed to making continuous improvements in the management of our environmental impact and to the longer-term goal of developing a sustainable business. SHEL will work in partnership with others to promote environmental care, increase understanding of environmental issues and disseminate good practice.

**Innovation :**

In our scientific innovation to meet consumer needs we will respect the concerns of our consumers and of society. We will work on the basis of sound science, applying rigorous standards of product safety.

**Competition :**

SHEL believes in vigorous yet fair competition and supports the development of appropriate competition laws. SHEL and employees will conduct their operations in accordance with the principles of fair competition and all applicable regulations.

**Business Integrity :**

SHEL does not give or receive, whether directly or indirectly, bribes or other improper advantages for business or financial gain. No employee may offer, give or receive any gift or payment which is, or may be construed as being, a bribe, any demand for, or offer of, a bribe must be rejected immediately and reported to management. SHEL accounting records and supporting documents must accurately describe and reflect the nature of the underlying transactions. No undisclosed or unrecorded account, fund or asset will be established or maintained.

**Conflicts of Interests :**

All SHEL's employees are expected to avoid personal activities and financial interests which could conflict with their responsibilities to the Company. SHEL's employees must not seek gain for themselves or others through misuse of their positions.

**Compliance - Monitoring - Reporting :**

Compliance with these principles is an essential element in our business success. The SHEL board is responsible for ensuring these principles are communicated to, and understood and observed by, all employees. Day-to-day responsibility is delegated to the senior management of the company and in charge of all sites of company. They are responsible for implementing these principles, if necessary through more detailed guidance tailored to local needs. Assurance of compliance is given and monitored each year. Compliance with the code is subject to review by the board supported by the audit committee of the board. Any breaches of the code must be reported in accordance with the procedures specified by the Secretary. The board of SHEL will into criticise management for any loss of business resulting from adherence to these principles and other mandatory policies and instructions. The board of SHEL expects employees to bring to their attention, or to that of senior management, any breach or suspected breach of these principles. Provision has been made for employees to be able to report in confidence and no employee will suffer as a consequence of doing so.

## Notice Of The Annual General Meeting

Notice is here by given that 8th Annual General Meeting of the Members of SUNIL HITECH ENGINEERS LIMITED will be held at J.C. Smruti Kunj, Shivaji Chowk, Parli, - Vajjnath Dist. Beed, Maharastra on Thursday the 20th July, 2006 3.00 P.M. to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit & Loss A/c. for the year ended 31st March, 2006 and the Balance Sheet as at that date together with the Report of the Board of Directors and the Auditors thereon.
2. To declare dividend on equity shares.
3. (a) To appoint a Director in place of Shri M.N.Mohan, who retires from office by rotation and being eligible offers him self for re-appointment.  
(b) To appoint a Director in place of Shri S. K. Kodandaramaiah, who retires from office by rotation and being eligible offers him self for re-appointment.
4. To consider and if thought fit to pass with or without modification the following Resolution as an Ordinary Resolution:

"RESOLVED THAT M/s Vivek Randad & Co., Chartered Accountants, the retiring auditors be and are hereby re appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until, conclusion of the next Annual General Meeting at a remuneration of Rs.4,00,000 (Rupees Four Lakh only ) plus out of pocket expenses to be incurred by them for the purpose of the audit.

### SPECIAL BUSINESS

5. To consider and if thought fit to pass with or without modification the following Resolution as an Ordinary Resolution:  
"RESOLVED that Mr.Pramod H. Mitkary, who was appointed as an Additional Director by the Board of Directors on 1st September, 2005 and who hold office as per section 260 of the companies Act, 1956, up to the conclusion of the Annual General Meeting be and is hereby appointed as a regular director of the Company subject to retirement by Rotation.  
RESOLVED FURTHER that the terms of appointment of Mr. Pramod H. Mitkary shall be governed by mutually agreed terms to be entered between him and the Board of Directors."  
6. To consider and if thought fit to pass with or without modification the following Resolution as an Ordinary Resolution:  
"RESOLVED that Mr. Kamlakar G. Holkar, who was appointed as an Additional Director by the Board of Directors on 1st September, 2005 and who hold office as per section 260 of the companies Act, 1956, up to the conclusion of the Annual General Meeting be and is hereby appointed as a regular director of the Company subject to retirement by Rotation.  
RESOLVED FURTHER that the terms of appointment of Mr Kamlakar G Holkar shall be governed by mutually agreed terms to be entered between him and the Board of Directors."  
7. To consider and if thought fit to pass with or without modification the following Resolution as an Ordinary Resolution:

"RESOLVED that Mr. Ashok V. Sakalikar, who was appointed as an Additional Director by the Board of Directors on 1st September, 2005 and who hold office as per section 260 of the companies Act, 1956, up to the conclusion of the Annual General Meeting be and is hereby appointed as a regular director of the Company subject to retirement by Rotation.

RESOLVED FURTHER that the terms of appointment of Mr Ashok V. Sakalikar shall be governed by mutually agreed terms to be entered between him and the Board of Directors."

8. To consider and if thought fit to pass with or without modification the following Resolution as an Ordinary Resolution:  
"RESOLVED that Ms. Sarita Rathi, who was appointed as an Additional Director by the Board of Directors on 1st September, 2005 and who hold office as per section 260 of the companies Act, 1956, up to the conclusion of the Annual General Meeting be and is hereby appointed as a regular director of the Company subject to retirement by Rotation.  
RESOLVED FURTHER that the terms of appointment of Ms. Sarita Rathi shall be governed by mutually agreed terms to be entered between him and the Board of Directors."  
9. To consider and if thought fit to pass with or without modification the following Resolution as an Ordinary Resolution:

"RESOLVED that Mr. B.B. Thombare, who was appointed as an Additional Director by the Board of Directors on 1st September, 2005 and who hold office as per section 260 of the companies Act, 1956, up to the conclusion of the Annual General Meeting be and is hereby appointed as a regular director of the Company subject to retirement by Rotation.

RESOLVED FURTHER that the terms of appointment of Mr. B. B. Thombare shall be governed by mutually agreed terms to be entered between him and the Board of Directors."

10. To consider and if thought fit to pass with or without modification the following Resolution as an Ordinary Resolution:  
"RESOLVED that subject to the approval of the Company in the General Meeting and the approval of the Central Government, Mr. Sunil Gutte, the Executive Director of the Company, shall received a professional fee of Rs.50 Lacs per annum on quarterly basis for providing his engineering skills and knowledge to the company, during the period of his continuance in the office of the Executive Director, pursuant to the provisions of Section 309 and / or other applicable provisions of Companies Act, 1956, if any for the time being.  
11. To consider and if thought fit to pass with or without modification the following Resolution as an Ordinary Resolution:  
"RESOLVED THAT pursuant to the provision of Section 309 and 310 of the Companies Act 1956 and subject to approval of the Central Government the Board of Directors be and is hereby authorised to increase the salary of the Managerial personnel up to 15% of the profit calculated as per section 198, 349 and 350 of the Companies Act, 1956.

BY ORDER OF THE BOARD  
MANAGING DIRECTOR

DATE : 11.05.2006

PLACE : Beed

**Notes:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The explanatory statement pursuant to section 173 of the Companies Act, 1956 relating to the Special Business mentioned in the notice is annexed hereto and forms part of the notice.
3. Proxies, if any, in order to be effective must be received at the Registered Office of the Company not later than 48 hours before the time fixed for holding the meeting.

**EXPLANATORY STATEMENT AS REQUIRED U/S 173(2) OF THE COMPANIES ACT, 1956**

**ITEM 5**

**APPOINTMENT OF DIRECTOR**

Mr. Pramod H Mitkary was appointed as an Additional Director of the company under section 260 of the Companies Act, 1956. The appointment is good up to the conclusion of this Annual General Meeting. As per Listing Agreement company has to appoint certain number of Director to act as an Independent Director to look after the affairs of the Board of Directors. Hence Mr. Pramod H Mitkary proposes to be appointed as Director of the Company.

None of the Directors of the company are interested except Mr. P. H. Mitkary.

**ITEM 6**

**APPOINTMENT OF DIRECTOR**

Mr. Kamlakar G. Holkar was appointed as an Additional Director of the company under section 260 of the Companies Act, 1956. The appointment is good up to the conclusion of this Annual General Meeting. As per Listing Agreement company has to appoint certain number of Director to act as Independent Director to look after the affairs of the Board of Directors. Hence Mr.Kamlakar G. Holkar proposes to be appointing as Director of the Company.

None of the Directors of the company are interested except Mr. Kamlakar G. Holkar

**ITEM 7**

**APPOINTMENT OF DIRECTOR**

Mr .Ashok V. Sakaligar was appointed as an Additional Director of the company under section 260 of the Companies Act, 1956. The appointment is good up to the conclusion of this Annual General Meeting. As per Listing Agreement company has to appoint certain number of Director to act as Independent Director to look after the affairs of the Board of Directors. Hence Mr. Ashok V. Sakaligar proposes to be appoint as Director of the Company.

None of the Directors of the company are interested except Mr. Ashok V. Sakaligar.

**ITEM 8**

**APPOINTMENT OF DIRECTOR**

Ms. Sarita Rathi was appointed as an Additional Director of the company under section 260 of the Companies Act, 1956. The appointment is good up to the conclusion of this Annual General Meeting. As per Listing Agreement company has to appoint certain number of Director to act as Independent Director to look after the affairs of the Board of Directors. Hence Ms. Sarita Rathi proposes to be appoint as Director of the Company.

None of the Directors of the company are interested except Ms. Sarita Rathi.

**ITEM 9**

**APPOINTMENT OF DIRECTOR**

Mr. B.B.Thombare was appointed as an Additional Director of the company under section 260 of the Companies Act, 1956. The appointment is good up to the conclusion of this Annual General Meeting. As per Listing Agreement company has to appoint certain number of Director to act as Independent Director to look after the affairs of the Board of Directors. Hence Mr. B.B. Thombare proposes to be appointing as Director of the Company.

None of the Directors of the company are interested except Mr. B. B. Thombare.

**ITEM 10**

Remuneration Committee proposes to pay the professional fee to Mr. Sunil R. Gutte, Director Finance, who actively participates in project work with his Engineering Skill and knowledge, also visits all site and customers offices to short out any problem or for clarify the queries raise by the customer. He visits to the vendor office for examine the Plant & Machineries which company plans to purchase. For his extra participation in the work other than his responsibility given by the company in finance department management proposes for the payment of professional fee and for this he is satisfied all the condition laid in the Companies Act, 1956 and this fee will pay only after clearance of Central Government.

None of the Directors of the Company except Mr. Ratnakar M. Gutte, Managing Director, Mrs. Sudhamati R. Gutte, Executive Director and Mr. Sunil R Gutte, Executive Director are interested in the said resolution.

**ITEM 11**

**INCREAMENT OF REMUNERATION LIMIT OF THE DIRECTORS**

Remuneration Committee proposes to increase the remuneration of the Managerial Personnel up to 15% of the Net Profits as per calculation given in the section 198, 349 and 350 of the Companies Act, 1956. Company is entering in to new business like Transmission and Distribution of power for that company need to appoint certain technical director to look after in this area it will increase the remuneration of managerial personnel. Hence the proposal of remuneration committee to increase the slab is justifiable.

In the abovementioned resolution Mr. Ratnakar Gutte, Mrs. Sudhamati Gutte, Mr. Sunil Gutte, Mr. M.N.Mohan and Mr. S.K.Kodandaramaiah are interested as the directors of the company.



# SUNIL HITECH ENGINEERS LIMITED

## Proxy

I/We ..... of ..... being a Member / Members of the above named Company, hereby appoint ..... of ..... or failing him .....of .....as my / our Proxy to attend and vote for me / us on my / our behalf at the 8<sup>th</sup> Annual General Meeting of the Company, to be held on Thursday, 20<sup>th</sup> July, 2006 at 3.00 p.m. and at any adjournment there of.

\* I wish my above Proxy to vote in the manner as indicated in the box below:

Resolutions		For	Against
1.	Adoption of Report and Accounts		
2.	Declaration of Dividend		
3.	Re - election of the following Persons as Directors:		
	a. Mr. M. N. Mohanan		
	b. Mr. S. K. Kodandaramaiah		
4.	Appointment of Auditors and to fix their remuneration		
5.	Appointment of Mr. Pramod H. Mitkary as a director of the Company		
6.	Appointment of Mr. Kamlakar G. Holkar as a director of the Company		
7.	Appointment of Mr. Ashok V. Sakalikor as a director of the Company		
8.	Appointment of Ms. Sarita Rathi as a director of the Company		
9.	Appointment of Mr. B. B. Thombare as a director of the Company		
10.	Fixation of Professional Fees of Mr. Sunil R. Gutte		
11.	Fixation of Ceiling of Managerial Remuneration		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2006.

Reference Folio No./ DP ID & Client ID

No. of Shares

\_\_\_\_\_  
Signature

Affix Re 1/- Revenue Stamp
-------------------------------------

### NOTES :

- The Proxy, to be effective, should be deposited at the Corporate office of the Company at Sunil Hitech Engineers Ltd. 97, East High Court Road, Ramdaspath, Nagpur. 440010 not later than FORTY- EIGHT HOURS before the commencement of the aforesaid meeting.
- A proxy need not be a Member of the Company.
- This is only optional. Please. Please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate. Should you so desire, you may also appoint the Chairman or the Company Secretary of the Company as your proxy, who shall carry out your mandate as indicated above in the event of a poll being demanded at the meeting.